IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

No. 73-187

KEWANEE OIL COMPANY,
Petitioner,

v.

BICRON CORPORATION, *et al.*,
Respondents.

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

SCM Corporation, a diversified business enterprise engaged in a wide variety of research, development and manufacturing pursuits, respectfully moves this Court for leave to file the accompanying brief amicus curiae in opposition to the petition for writ of certiorari in this case. Petitioner, Kewanee Oil Co., has consented to the filing of this brief, while respondents have not consented, but have indicated they will not oppose this motion.[1]

Movant SCM is involved on a daily basis in full-scale research and development activities and in all phases of protection and utilization of the resultant technology, including without limitation acquisition and exploitation of patents and trade secrets. SCM alone, among the

[1] Copies of the letters reflecting this state of affairs are currently being lodged with the Clerk.

amici who have sought to file briefs incident the present petition, stands to be directly affected in its own business by the rule of law enunciated in the decision below.[2]

SCM's own direct practical experience with the benefits and burdens legitimately imposed by state trade secret law, as well as those consequent from the misapplication of that law to create a virtual underground "patent system" functioning to impede free access to unpatented and unpatentable technology uniquely qualifies it to make a pragmatic evaluation of the impact of the *limited* decision below. Moreover, as a litigant against Mobil Oil Corporation in Civil Action C73-751, filed July 18, 1973 before the District Court for the Northern District of Ohio, SCM has a vital concern that this Court shall not be importuned by the highly emotional appeals of petitioner and its amici into a needlessly hasty and arbitrary resolution of the many complex questions which go to make up the broad issue of whether federal patent law ever preempts the state law of trade secrets.

Quite significantly, the record in this case as now before this Court is essentially devoid of facts both with regard to the precise controversy which prompted the holding below and with regard to the economic and financial consequences other amici have glibly ascribed to the

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[2] The balance of the amici support the grant of the petition and —except for the Manufacturing Chemists Association, a trade association—are organizations whose views as expressed in their briefs have been formulated by the same coterie of individual patent lawyers who have in the past been active in importuning Congress to enact the so-called "Scott Amendments" designed to legislatively emasculate the thrust of this Court's holdings, *inter alia*, in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), and *Lear, Inc.* v. *Adkins*, 395 U.S. 653 (1969). See in this regard Sections 261(b), (e) and (f), 271(f) and (g) and 301 of S. 643, 92nd Cong., 1st Sess. (1972)—and particularly Section 301.

limited rule of law enunciated in the decision below.[3] Even as it would be imprudent at this juncture to expand the holding below to fact situations not before the Sixth Circuit, it would be equally imprudent for this Court now to reverse that decision on the basis of economic considerations for which there is no evidence below and on which *de novo* evidence could not properly now be received even if offered.[4]

The attached brief demonstrates that the decision below is one of first impression which is not in direct conflict with any previous pronouncement of any other court and that its spirit is in harmony with controlling decisions of this Court. The brief further demonstrates overall that the time is not yet ripe for this Court to consider any issue of the sweep of that presented by the petition. It is respectfully requested that leave to file this brief be granted to the end that the Court may, in considering the petition, have the benefit of the view of one amicus that is a practical business enterprise.

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[3] SCM refers particularly to the five factors listed at page 3 of the "Motion for Leave to File Brief Amicus Curiae" of the Licensing Executives Society; see also the motion of the Manufacturing Chemists Association, p. 2; the motion of the Patent Law Association of Chicago, p. 2; the motion of the Association for the Advancement of Invention and Innovation, p. 2; and the motion of the New York Patent Law Association.

[4] It is stressed that the amicus briefs cited in the preceding footnote are addressed to emotion, not reason, and grounded upon lawyers' argument rather than evidentiarily admissible facts. Even if evidentiarily admissible facts *were* now offered, moreover, respondents would be entitled to full cross-examination and rebuttal and the result would be an extrajurisdictional proceeding.

Respectfully submitted,

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BRIEF AMICUS CURIAE OF SCM CORPORATION IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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I. INTEREST OF THE AMICUS CURIAE

SCM Corporation is a large and diversified business enterprise engaged at locations scattered throughout the United States in numerous research, development and manufacturing pursuits. Among these pursuits is research and development in, and manufacture of, paints, lacquers and related coating compositions. In connection with the latter endeavor, SCM is presently involved in litigation before the District Court for the Northern District of Ohio against Mobil Oil Corporation (Civil Action C 73-751, filed July 18, 1973) in which SCM seeks a declaration (a) of invalidity and unenforceability of certain patents and (b) of illegality and unenforceability of an associated patent and trade secret license.

Under the license Mobil seeks, *inter alia*, to collect royalties for SCM's manufacture of lacquers pursuant to SCM's own independently developed formulations, alleging them to be improvements on or modifications of the licensed, alleged trade secret, lacquer formulations which Mobil itself has not patented but has been commercially exploiting since at least 1957. The trade secret issues raised in this pending *SCM* v. *Mobil* litigation rest upon unique fact premises entirely different from those underlying either the questions decided in this case or those determined in *United States* v. *Greenwald*, No. 72-2117 (6 Cir., June 1, 1973).[1]

[1] Contrary to the assertions of the petitioner (Pet. 7, 14) and one of its amici, the American Patent Law Association (Br. 5), there is no conflict or inconsistency between the Sixth Circuit's decisions in this case and in the later *Greenwald* case. Rather, the two decisions are in harmony having due regard to the totally different fact situations from which each arose. Read together, they demonstrate that there *are* proper spheres within which state trade secret law and federal patent law *can and do* coexist (*cf.* Pet. 10), and serve to refute the contention of petitioner and its amici that the decision below tolled the death knell of all trade secret law in the Sixth Circuit.

To illustrate, the license agreement under which Mobil seeks to be paid provides that Mobil will not save SCM harmless from infringement of third party patents in connection with manufacture or sale of the alleged "trade secret" lacquers or improvements and modifications thereof and will waive royalty payments on any such formulation found by a court to infringe a valid patent of a third party *only* until such time as the patent in question shall be determined to be invalid, shall expire or shall be acquired by SCM or Mobil.[2] Thus, under the Mobil license, "That on which no patent could be obtained [*i.e.* Mobil's trade secret "property"] . . . [is] as effectively protected as if a patent had been issued". Mobil, a pri-

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[2] The offending provision to which reference is made is believed to appear in substance in similar Mobil license agreements with others relating to the same alleged "trade secrets". Its specific operative language is:

> "LICENSOR does not warrant the validity of LICENSOR's PATENTS and shall not be responsible for any claim against LICENSEE . . . , for any infringement of any Letters Patent owned by third parties by reason of or arising out of the use by LICENSEE or LICENSEE's purchasers of the LACQUERS corresponding to LACQUER FORMULAS and IMPROVEMENTS AND MODIFICATIONS: excepting should any action for infringement be finally determined by a court of competent jurisdiction against LICENSEE and should the adjudication be such that LICENSEE cannot make or sell a specified LACQUER within the scope of LACQUER FORMULAS or of IMPROVEMENTS AND MODIFICATIONS without infringing those Letters Patent for the infringement of which said action was instituted, then ROYALTY payments . . . shall cease on LACQUER of the specified kind . . . provided however, . . . that payment to LICENSOR of ROYALTIES on such LACQUER shall be resumed by LICENSEE whenever LICENSEE can and does again make and sell LACQUER of the specified kind without infringing those Letters Patent. . . . Among the presently contemplated reasons for which such non-infringing resumption might become possible are expiration or invalidation of the Letters Patent infringed or acquisition by LICENSOR or LICENSEE of title to or license under the Letters Patent infringed."

vate business, has managed to "function as its own patent office and impose its own law upon its licensees".[3]

SCM is entitled to its day in court at the trial and appellate levels, in the context of the unique facts of its pending case, on the specific question of whether the patent laws foreclose the challenged Mobil activities. If, however, petitioner and its amici succeed in expanding the scope of *this* case beyond the limits of its own factual compass so as to embrace every complex aspect of the interface between patent and trade secret law, SCM and others with particular trade secret problems may well be foreclosed. Particularly so, since the obvious thrust of the petition and the amicus briefs is to stampede this Court, in an atmosphere of high emotion, into a hasty and ill-considered pronouncement—rendered in the absence of supporting facts[4]—that state trade secret law

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[3] The quotations are from the opinion of Mr. Justice Douglas speaking for the Court in *Mercoid* v. *Mid-Continent Investment Co.*, 320 U.S. 661, 667 (1944). The same evil is clearly recognized in the separate partially concurring opinion of Mr. Justice Black, in which Mr. Justice Douglas and Mr. Chief Justice Warren joined, in *Lear* v. *Adkins*, 395 U.S. 653, 677 (1969), as follows:

> ". . . One who makes a discovery may, of course, keep it secret if he wishes, but private arrangements under which self-styled 'inventors' do not keep their discoveries secret, but rather disclose them, in return for contractual payments, run counter to the plan of our patent laws, which tightly regulate the kind of inventions that may be protected and the manner in which they may be protected. The national policy expressed in the patent laws, favoring free competition and narrowly limiting monopoly, cannot be frustrated by private agreements among individuals with or without the approval of the State."

[4] The paucity of facts in the record is well illustrated by the circumstance that even the opinion and supporting fact findings of the district court are not before this Court except for the few selected fact findings reproduced out of context in the appendix to respondents' brief.

Petitioner offers the excuse that "No question of fact is raised by this petition" (Pet. 5, note 2) in justification of its request for a broad ruling absent a supporting factual record. Petitioner asserts

and federal patent law can under no circumstances conflict, and hence that the federal law may never preempt the state law.

SCM believes that in the final analysis the interest of the business community will be best served and technological advance best fostered if reason prevails in this case, with the decision below realistically viewed for what it is—an earnest effort to arrive at creative compromise between competing demands of patent and trade secret law in the context of a specific and limited fact situation. As a successful business enterprise daily concerned with the practical pursuit, acquisition, development, protection and dissemination of technology, SCM is convinced that the decision below, if left to stand, will have no adverse effect upon any legitimate activity within those fields and will encourage a needed case-by-case evolution in the lower courts of factually meaningful criteria constructively defining the proper spheres of both patents and trade secrets.

II. REASONS WHY THE WRIT SHOULD BE DENIED

Denial of the writ is urged because

1. The broad question asserted by the petition is not raised by the record, was not decided below and is beyond this Court's jurisdiction to determine at this juncture.

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further that "the facts and conclusions of the District Court are summarized in the Court of Appeals decision" (Pet. 2) but significantly omits from its "statement" (Pet. 3-5) the *salient facts* upon which the decision below narrowly rests, demonstrating the subject matter sought to be protected in trade secret guise to be barred from patent protection under 35 U.S.C. 102(b) and hence necessarily within the public domain. See also R. Br. 2-5 which indicates that at least some of the alleged trade secret subject matter was disclosed in *expired* patents.

2. The decision below is not in direct conflict with the law of any other circuit and is consistent with and responsive to controlling precedent enunciated by this Court.

3. The state law of trade secrets has no legitimate purpose to encourage investment in technological research and development and may not be construed liberally in furtherance of such a purpose.

III. ARGUMENT

1. The "Question Presented" Is Not In Issue

Both petitioner and its amici urge here, as petitioner did below, that this case should be utilized as a vehicle for resolving, on the broadest possible base, "whether the enforcement of any and all state trade secret laws conflict with the policies of the United States Patent Laws". (Pet. App. A6). But as the court below so aptly stated, the issue "[t]hus framed . . . [is] too broad for . . . consideration in this case" (Pet. App. A6) which rests upon its own peculiar and *limited* facts. In short—as the Sixth Circuit recognized—this case does *not* present a record appropriate to serve as the foundation for a review of every conceivable aspect of the interface between state trade secret law and the federal patent laws. As in *Tyrrell* v. *District of Columbia*, 243 U.S. 1 (1917), the broad question urged in the amicus brief "was not before the lower court and would not be open for . . . consideration . . ." in this Court.[5]

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[5] No doubt because of the impermissible sweep of the question presented in the petition, the Patent Law Association of Chicago and the Manufacturing Chemists Association as amici curiae have formulated alternative questions of their own. These questions, however, are—equally with that raised by the petitioner—unjustified by the record below and hence not proper for consideration by this Court at this time.

More specifically, question 2 presented by the Patent Law Association of Chicago (Br. 3) is really only a reworded version of the broad question framed by the petitioner, while question 1 rests upon

The question posed in the petition is even broader than the one on which this Court reserved ruling, in order to permit "fully focused [factual] inquiry", especially by state courts, in *Lear* v. *Adkins*, 395 U.S. 653, 675 (1969). Thus in *Lear* this Court concluded that it "should not now attempt to define in even a limited way the extent, *if any*,[6] to which the States may properly act to enforce the contractual rights of inventors of unpatented secret ideas". Petitioner now asks the Court to decide summarily, without benefit of any meaningful factual record, whether the states are free in all cases to

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two erroneous premises—*i.e.*, (1) that there is a "conflict" in *decision* (rather than just in principle) with decisions of other courts, and (2) that the decision below destroyed the "continuing viability of trade secrets . . ." notwithstanding the clear contrary proof supplied by the Sixth Circuit's own later *Greenwald* decision *supra*, n. 1 p. 1.

The three questions advanced in the brief of the Manufacturing Chemists Association (p. 3) are also not properly subsumed in the decision of the court below. Thus question 1 is essentially another reworded version of the all-encompassing question presented by petitioner and rests upon the false premise that the decision below has destroyed *all* state trade secret law. Question 2 rests upon at least two false premises—*to wit:* that the defendants in this case obtained access to the subject matter sought to be protected "by improper means" and that such information is still "patentable", albeit unpatented. *In fact*, the Court of Appeals decision shows that the individual defendants originally obtained the information *properly* as an incident to their employment by Kewanee and that the subject matter involved has since been abandoned to the public and is hence *no longer* patentable, though it may once have been so. Question 3 again rests upon the false premise that the Sixth Circuit held the federal patent law to preempt all state trade secret law and as such is far broader than the record permits. In addition, all three questions are misleading in referring to "secret technological information" and "secret information" because the court below held that, as a matter of law under 35 U.S.C. 102(b), the information in question became a part of the public domain—or as the respondents put it "the prior art" (R.Br. 2)—once it had been in public use or on sale for more than one year prior to the filing of any patent application.

[6] Unless otherwise stated, all emphasis in quotations is added emphasis.

enforce not only contractual rights, but equitable rights based upon alleged confidential relationships, of *both* inventors and noninventor owners of *un*patented secret ideas. No indication is given of any change in circumstances since the 1969 *Lear* decision that should impel the Court today toward an arbitrary disposition, in a virtual vacuum of supporting facts, of a broader question than the one on which restraint was recognized to be appropriate four short years ago.

2. There is No Direct Conflict With Decisions of Other Courts

Importantly the Sixth Circuit did *not* decide that patent and trade secret law cannot coexist, nor did it hold that there is mutual exclusivity between the two at every possible interface.[7] Moreover, the decision below did not purport to hold that all manner of state trade secret law is preempted by the federal patent laws.[8]

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[7] Irrefutable evidence that this is so exists in the Sixth Circuit's subsequent and correct decision in *United States* v. *Greenwald*, *supra*, n. 1, p. 1, protecting the right of an owner of secret chemical formulae, as to which there was no hint or implication of abandonment to the public, against their theft and consequent unjust enrichment of the thief.

[8] For example, none of the points numbered 1, 2, 3, 4, or 6 at pp. 4-6 of the Brief Amicus of the American Patent Law Association purports to have been raised or decided below—with the result that the Association's apprehensions as to possible future rulings in cases properly raising those issues are, to say the least, premature.

Nor is there in the decision below any conflict with or abrogation of, any Congressionally enacted statute purporting to exempt legitimate trade secrets from arbitrary disclosure by federal employees, appropriation without compensation, theft or ordinary income tax treatment notwithstanding the fears expressed by petitioner (Pet. 12-14) and its amici, the Chicago Patent Law Association (Br. 7-9), the Manufacturing Chemists Association (Br. 10, especially note 11), the American Patent Law Association (Br. 4-5, especially points 1, 2 and 4), the Licensing Executives Society (Br. 2, especially note 3) and the New York Patent Law Association (Br. 3).

[Footnote continued on page 8]

The single narrow holding below was that "a state trade secret law which protects an inventor in the maintenance of a monopoly of a device which is an appropriate subject for patent under the United States Patent Laws is in conflict with the policies and purposes of those patent laws where the invention has been used commercially for more than one year."[9] (Pet. A24-25). In other words, an inventor cannot both convey an article to the public by public use or sale for more than one year so as to bar issuance of a patent on it under federal law [35 U.S.C. 102(b)] and at the same time maintain a private monopoly against one segment of the same public in the guise of trade secret law.[10]

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[8] [Continued]

Nor did the decision below purport to affect in any way alleged trade secrets in nontechnological business and commercial information which are not "discoveries" in "science and useful arts" within the meaning of the Constitutional patent clause and could not in any event be patented under 35 U.S.C. 101, such as the plan for creating, promoting, financing and selling contracts for prepaid funeral services upheld in *Clark* v. *Bunker*, 453 F.2d 1006 (9 Cir. 1972), or the confidential quotations on grain futures held protectable by this Court in *Board of Trade* v. *Christie Grain and Stock Co.*, 198 U.S. 236 (1905).

Similarly, potentially patentable alleged trade secret subject matter *not* abandoned to the public under 35 U.S.C. 102(b) was neither in issue nor commented upon below.

[9] The argument of the American Patent Law Association as amicus curiae (Br. p. 3) that "the less patentable the secret, the more protectable it became in the eyes of the Court of Appeals below" is a semantic play upon the words "appropriate subject for patent under the United States Patent Laws" as used by the Sixth Circuit. Clearly and in context, the decision below did not intend to condition the availability of trade secret protection upon the patentable *quality* of the involved subject matter. Rather, it was the intention of the Sixth Circuit to limit the area of possible trade secret-patent conflict to subject matter within the purview of the patent laws.

[10] The court below did not do so, but could have justified its holding also on the basis of Fifth and Fourteenth Amendment guarantees, to which the patent clause is subservient. These guarantees "embrace the right of the citizen to be free in the employment of all his faculties; to be free to use them in all lawful

No case cited by the Sixth Circuit (Pet. A25) or the petitioner as conflicting (Pet. 6) has examined or addressed this particular facet of the patent-trade secret interface, nor does it appear that any such case has rested upon facts similar to those which confronted the court below.[11]

In short, the "conflict" acknowledged in the decision below is a conflict in *principle*,[12] other courts having ear-

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ways. . . ." *Allgeyer* v. *Louisiana*, 165 U.S. 578, 589 (1887); *Greene* v. *McElroy*, 360 U.S. 474, 492 (1959); *United States* v. *Robel*, 389 U.S. 258, 265 (1967). These rights would be seriously compromised if, once information irretrievably passed into the public domain, those segments of the public best qualified to utilize it in their lawful calling for the benefit of all (such as the individual defendants here) were disabled to do so on grounds of prior private relationship.

[11] Specifically, in *Servo Corp. of America* v. *General Electric Co.*, 337 F.2d 716 (4 Cir. 1964), there is no indication that the alleged trade secret subject matter had been publicly used or sold for more than one year and hence abandoned to the public, at the time of the alleged misappropriation. Nor is there any indication that the question of the effect of public use or sale for more than one year was considered in either *Water Services Inc.* v. *Tesco Chemicals Inc.*, 410 F.2d 163 (5 Cir. 1969), or *Dekar Industries Inc.* v. *Bissett-Berman Corp.*, 434 F.2d 1304 (9 Cir. 1970). Moreover, both *Servo* and *Water Services* were decided before this Court's charge to the lower courts in *Lear* quoted *supra* p. 6, to scrutinize with care all facts purportedly justifying private contractual protection of *unpatented* subject matter and determine whether any such protection is permissible.

The final decision cited as conflicting by petitioner—*Painton & Co.* v. *Bourns, Inc.*, 442 F.2d 216 (2 Cir. 1971)—involved, as respondents have pointed out (R.Br. 5), a so-called "technical service agreement". The court did not discuss the question of whether information within the scope of the agreement had previously been abandoned to the public.

[12] To put it another way, the "conflict" in decision exists only as to the sweeping issue framed by petitioners' question which the court below refused to consider as unduly broad on the record presented, *supra*, p. 5. Once the question is properly confined to the issue *decided* by the Sixth Circuit (See R.Br. 2) there is no "con-

lier held unqualifiedly that the doctrine of federal preemption by the patent laws of inconsistent state law articulated in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), and squarely reaffirmed on June 18, 1973 in *Goldstein* v. *California*, —— U.S. ——, 37 L.Ed. 2d 163, 182, does not bar the recognition of state trade secret law based on confidential relationships. The decision below does *not* challenge the generality of this principle, but carves out an exception in the limited area wherein the alleged trade secret subject matter is cognizable under the patent laws but has been irrevocably conveyed to the public pursuant to 35 U.S.C. 102(b).

Properly viewed, the decision below is an early effort to reconcile the sometimes competing demands of federal patent law with state contract and trade secret law in a manner responsive to this Court's admonitions in *Lear, supra*, p. 6 (see also 395 U.S. 653 at 668). The decision has proceeded, moreover, strictly in accord with this Court's own consistent refusal to recognize or enforce private property rights in subject matter already within the public domain.

Thus, this Court has repeatedly repudiated efforts to recapture any portion of the monopoly of an expired patent. *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169 (1896), *Motion Picture Patents Co.* v. *Universal Film Mfg. Co.*, 243 U.S. 500, 517 (1917), *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938), *Scott Paper Co.*

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flict" in decision and the specific issue decided below is one of first impression not previously resolved in any court.

There is, of course, no "conflict" with any decision of this Court as alleged in the Brief Amicus of the Chicago Patent Law Association (pp. 7-9) because the Sixth Circuit continues to recognize "the common law concept of trade secrets" (*id.* at 7) notwithstanding the inapplicability of that law in this case. See note 1, *supra*, p. 1.

v. *Marcalus Mfg. Co.*, 326 U.S. 249 (1945), *Brulotte* v. *Thys Co.*, 379 U.S. 29 (1964). In *Scott Paper Co.*, this Court specifically held "that the patent laws preclude the patentee of an expired patent *and all others* . . . from recapturing any part of the former patent monopoly" (326 U.S. 249, 256) noting that the right to use the subject matter of an expired patent is "no longer subject to private barter, sale or waiver" on *any* basis, voluntary or otherwise (*ibid*). And as the Sixth Circuit recognized, this Court in *Sears, Roebuck, supra*, held that subject matter disclosed in an *invalid* patent "is in the public domain and may be made and sold by whoever chooses to do so" (376 U.S. 225, 231). The court below, having recognized that public use or sale for more than one year prior to the date of an application for patent necessarily *also* transfers an article into the public domain, properly refused to protect against copying on the basis of the "trade secret" shibboleth.

3. The Decision Below Will Not Disrupt Legitimate Business Relationships Whether Or Not Dependent On Trade Secrets

In an apparent effort to make the decision below appear aberrant, petitioner and its amici have neglected to mention that at least one court in addition to the court below has squarely rejected the underlying theme, first rejected by the Constitutional framers,[13] and consistently

[13] Significantly history teaches that the Constitutional Convention squarely rejected a proposed constitutional provision giving Congress power "to establish public institutions, rewards and immunities for the promotion of agriculture, commerce, trade and manufacture". See Story, "Commentaries on the Constitution of the United States, Vol. 3, § 1150 (1833); Warren, "The Making of the Constitution", 625-672 (1928).

In view of the rejection of this proposed constitutional provision, the adoption of the *limited* constitutional patent power and the adoption of the "liberty" and "property" concepts of the Fifth and Fourteenth Amendments, *supra*, note 10, p. 8, presumptions

rejected by this Court in every guise in which it since has been advanced, that *any* investment of time and money in technological research and development should be rewarded with some type of enforceable property right even though no valid patent may be obtained.[14]

Thus in *Winston Research Corp.* v. *Minnesota Mining & Mfg. Co.*, 350 F.2d 134, 138 (9 Cir. 1965), the following appears:

> "An additional argument is sometimes made in favor of protecting confidential but unpatented matter from disclosure, but we think the rationale of Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), precludes us from giving it weight. We refer to the contention that the results of research and development must be accorded reasonable protection from disclosure or private investment in such activities will be inhibited and progress will be slowed, with consequent loss to both employers and public. The patent laws, it is argued, do not afford adequate protection because excessive time is required to process a patent application, and because a high standard of invention must be met to obtain a patent, or at least to sustain a patent once issued. However, *we are satisfied that the rationale of Sears, Roebuck & Co.* v. *Stiffel Co., 376 U.S. 225, 84 S.Ct. 784, supra, precludes judicial recognition of a legally protectible interest in the secrecy of industrial information as such*, as distinguished from an interest in the integrity of confidential employer-employee relationships."

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of governmental power or intent to promote research and development activities by granting or enforcing even limited commercial monopoly power obviously cannot be lightly inferred.

[14] This point of view is particularly urged in the briefs amicus curiae of the Licensing Executives Society (p. 6), the Manufacturing Chemists Association (especially at pp. 6-8) and the Association for the Advancement of Invention and Innovation (pp. 3-6).

In a footnote to the quoted passage the same court observed *inter alia* that

> "In Sears, Roebuck & Co. v. Stiffel Co. the Supreme Court held that the federal patent statutes reflect a congressional determination that 'the Progress of Science and Useful Arts' (U.S. Const. Art. I, § 8, cl. 8), is best served by limiting the right to exclude others from new developments to 'genuine invention,' and then for a period no longer than fourteen or seventeen years, and that the states may not 'under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws.' 376 U.S. at 231, 84 S. Ct. at 789.
>
> "The federal patent statutes require full disclosure of the invention as a condition to the grant of monopoly so that at the end of the period of monopoly the development may be freely available to all. *Thus, the federal patent statutes would seem to reflect a congressional determination that any individual or social interests which may be served by secrecy are outweighed by those served by full disclosure. And it would seem to follow, under the rationale of Sears, Roebuck & Co.* v. *Stiffel Co., that state law providing protection for trade secrets cannot be applied to serve a premise that the balance of interests favors secrecy. Thus, state law protecting trade secrets cannot be based 'on a policy of rewarding or otherwise encouraging the development of secret processes or devices.* The protection is merely against breach of faith and reprehensible means of learning another's secret.' Restatement, Torts § 757, comment b."

The arguments that trade secrets should be liberally recognized and enforced as property rights in the interest of promoting investment in research and development and stabilizing existing nonconfidential, arms' length business relationships—such as technology licensing ar-

rangements among competitors—are plainly spurious. In this case, as in *Lear*, there is no reason to suppose that the decision below "is likely to undermine any existing *legitimate* business relationships" (395 U.S. at 675 n.19), whether or not confidential. Moreover, the precise effect upon challenged business relationships can rationally be evaluated only in the context of the special relevant facts of each individual relationship, *not* categorically in the climate of emotional overstatement created by the petition and related amicus briefs.

IV. CONCLUSION

The writ should be denied.

Respectfully submitted,

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